

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES

Regular Meeting

***TELECONFERENCE MEETING ***

CEDA BOARD OF DIRECTORS

Wednesday, July 21, 2010

Teleconference Locations

California Association for Local
Economic Development
550 Bercut Drive, Suite G
Sacramento, CA 95811

City of San Jose
200 E. Santa Clara St., 17th Floor
San Jose, CA 95113

City of Clovis City Hall
1033 Fifth Street
Clovis, CA 93612

City of Eureka City Hall
531 K Street
Eureka, CA 95501

The Valley Economic Alliance
5121 Van Nuys Blvd.#200
Sherman Oaks, CA 91403

5598 Gold Creek Drive
Castro Valley, Ca 94552

City of Palmdale
38250 N Sierra Highway
Palmdale, CA 93550

Economic Development
Collaboration of Ventura County
1601 Carmen Dr., Ste 215
Camarillo, CA 93010

Call to Order

Wayne Schell, Chair of the California Enterprise Development Authority, called the meeting to order at 3:10 pm.

Roll Call

Members Present: Bruce Kern
 Danny Roberts
 Wayne Schell
 Bruce Stenslie
 Cindy Trobitz-Thomas

CEDA Staff Present: Mona Dmitrenko
 Michelle Stephens

Public Present: Dan Bronfman
 Jessica Shaham

Executive Director Report

Executive Director Mona Dmitrenko discussed the Recovery Zone (RZ) bonds at the request of Board Chair, Wayne Schell. She reiterated that the deadline to apply for RZ bonds continues to be August 25, 2010 with the legislation sun-setting December 31, 2010. She also noted that in California, only five Recovery Zone Facility Bonds (RZFB) and five Recovery Zone Economic Development (RZED) Bonds had been issued. Nationwide the bond program has seen similar results with only 56 RZFB's closed. The difficulties in obtaining a letter of credit have made utilizing this financing tool difficult. As a result approximately \$1 billion dollars in financing opportunity may be lost in the state. It was also noted that the expanded list of qualified businesses to include "intangible" manufacturing is also a part of American Recovery and Reinvestment Act (ARRA) legislation and will not be available after the conclusion of the year. Ms. Dmitrenko noted that she has been doing as much outreach as possible by calling all of the communities that received direct allocation and informing them of upcoming deadlines and educating them on the RZ process.

Action Items

1. Approve the Regular Meeting Minutes from June 30, 2010.

Motion: Board Member, Cindy Trobitz-Thomas made the motion to approve the Regular Meeting Minutes from June 30, 2010. Board Member, Bruce Stenslie seconded the motion on the floor. The motion passed on the following roll call vote:

Bruce Kern	Abstain
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

2. Approve CEDA Budget and Work plan for 2010/2011.

Discussion: Board Chair, Wayne Schell asked that this item be held over until the next meeting because some details were still being finalized. No one objected and the CEDA Budget and Work plan for 2010/2011 will be discussed and acted on during the next regular meeting.

3. Approve Amended CEDA Management Agreement

Discussion: Board Chair, Wayne Schell asked that this item be held over until the next meeting because some details were still being finalized. No one objected and the CEDA Management Agreement will be discussed and acted on during the next regular meeting.

4. Adopt Resolution 10-11 Approving Associate Membership by City and County of San Francisco in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement Relating to Associate Membership of the City in the Authority

Discussion: The Board noted that they were all pleased to have San Francisco joining CEDA and were proud of those who had worked to make this happen.

Motion: Board Member Danny Roberts made the motion to approve the Associate Membership by City and County of San Francisco in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement Relating to Associate Membership of the City in the Authority. Board Member, Cindy Trobitz-Thomas seconded the motion. The motion passed on the following roll call vote:

Bruce Kern	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

5. Adopt Resolution 10-12 Approving Associate Membership by City of Redondo Beach in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement Relating to Associate Membership of the City in the Authority

Discussion: Executive Director, Mona Dmitrenko informed the Board that CEDA has a RZFB project with the City of Redondo Beach and gave background information on the project.

Motion: Board member, Bruce Stenslie made the motion to approve the Associate Membership by City of Redondo Beach in the California Enterprise Development Authority and the

Execution of an Associate Membership Agreement Relating to Associate Membership of the City in the Authority. Board member, Bruce Kern, seconded the motion on the floor. The motion passed on the following roll call vote:

Bruce Kern	Aye
Danny Roberts	Aye
Wayne Schelle	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

6. Adopt Resolution 10-13 Approving Associate Membership by City of Roseville in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement Relating to Associate Membership of the City in the Authority

Discussion: Executive Director, Mona Dmitrenko informed the Board that this membership was the result of her outreach calls to communities who received direct RZ allocation from the federal government. They currently didn't have any transaction about to close but there were some nascent deals that could materialize in the future.

Motion: Board member, Cindy Trobitz-Thomas made the motion to approve the Associate Membership by City of Roseville in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement Relating to Associate Membership of the City in the Authority. Board member, Danny Roberts, seconded the motion on the floor. The motion passed on the following roll call vote:

Bruce Kern	Aye
Danny Roberts	Aye
Wayne Schelle	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

7. Adopt Resolution 10-14 of the California Enterprise Development Authority Authorizing and Approving a Master Loan Agreement Pursuant to which the California Enterprise Development Authority will make a loan in an Amount not to exceed \$26,500,000 for the Purpose of Financing and Refinancing the Cost of the Construction, Installation, Rehabilitation, Equipping, and Furnishing of Certain Facilities for the Benefit of National Center for International Schools, Providing the Terms and Conditions for such Master Loan Agreement and other Matters Relating thereto herein specified

Discussion: This transaction is one of the many Bank-Qualified loans that CEDA has issued recently, Board Secretary Bruce Kern asked for a quick review of how the loan for this project is set up. Bond Counsel, Jessica Shaham explained that these are three-party loan agreements with an issuer loan and a borrower loan. The issuer loan is between the bank and the issuer, in this case CEDA. The borrower loan is between the issuer (CEDA) and the borrower. If the borrower defaults on the loan, the bank and borrower deal are responsible to negotiate the outcome. The Issuer does not face any potential liability.

The specifics of this deal were also discussed. It was noted that of the \$26.5 million, \$16.5 million was current debt that was being refinanced while \$10 million was new debt that can be used for rehabilitation and construction. The National Center for International Schools is going to see significant savings in its refinancing as their interest rate is dropping from 6.5% to 4.5% fixed.

Motion: Board Member Bruce Stenslie made the motion to approve the Master Loan Agreement Pursuant to which the California Enterprise Development Authority will make a loan in an Amount not to exceed \$26,500,000 for the Purpose of Financing and Refinancing the

Cost of the Construction, Installation, Rehabilitation, Equipping, and Furnishing of Certain Facilities for the Benefit of National Center for International Schools, Providing the Terms and Conditions for such Master Loan Agreement and other Matters Relating thereto herein specified. Board member, Cindy Trobitz-Thomas, seconded the motion on the floor. The motion passed on the following roll call vote:

Bruce Kern	Aye
Danny Roberts	Aye
Wayne Schelle	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

8. Adopt Resolution 10-15 of the California Enterprise Development Authority Authorizing and Approving a Master Loan Agreement Pursuant to which the California Enterprise Development Authority will make a loan in an Amount not to exceed \$8,300,000 for the Purpose of Financing and Refinancing the Cost of the Construction, Installation, Rehabilitation, Equipping, and Furnishing of Certain Facilities for the Benefit of Seven Hills School, Providing the Terms and Conditions for such Master Loan Agreement and other Matters Relating thereto herein specified

Discussion: Executive Director, Mona Dmitrenko gave the background on Seven Hills School. Board Secretary, Bruce Kern asked if the project had all of the necessary entitlements, to which Ms. Dmitrenko answered in the affirmative. Mr. Kern asked if this is always the case with CEDA deals, to which she also replied yes. It was noted that this project was using the same lender as the borrower in Item 7 and therefore had a similar deal resulting in significant cost savings.

Motion: Board Member Bruce Stenslie made the motion to approve the Master Loan Agreement Pursuant to which the California Enterprise Development Authority will make a loan in an Amount not to exceed \$8,300,000 for the Purpose of Financing and Refinancing the Cost of the Construction, Installation, Rehabilitation, Equipping, and Furnishing of Certain Facilities for the Benefit of Seven Hills School, Providing the Terms and Conditions for such Master Loan Agreement and other Matters Relating thereto herein specified. Board member, Cindy Trobitz-Thomas, seconded the motion on the floor. The motion passed on the following roll call vote:

Bruce Kern	Aye
Danny Roberts	Aye
Wayne Schelle	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

Other Business

9. Discussion of CEDA policy regarding using bond financing to relocate businesses between California communities.

Discussion: Executive Director, Mona Dmitrenko proposed that in light of CEDAs recent experience with relocating businesses and how that affects California communities the Board should discuss what CEDA protocol is in these instances and if/how they should affect CEDAs issuance policies. Ms. Dmitrenko noted that currently, only Industrial Development Bonds (IDB) require a relocation letter.

Board Secretary, Bruce Kern agreed that having the discussion was important and felt that including in the staff report any relocation information on a business when applicable would be sufficient. Board Chair Wayne Schell clarified that this was only necessary for relocation outside of a California community not within it, to which everyone agreed. It was decided that

the question needed to be asked early on in the process and if a relocation was occurring, it was important to find out the details behind it and what was being done to address any issues brought up by the move, for instance if the business was using any programs to help with the displaced workforce. Mr. Kern also noted that he did not feel that these issues would necessarily stop a project but that the actions and alternatives taken by the business should be investigated.

Public Comment

There was no public comment made.

Adjournment

Motion: Board Secretary, Bruce Kern moved to adjourn the meeting. Board Chair, Wayne Schell seconded the motion. The motion passed.

Board Chair, Wayne Schell adjourned the meeting at 3:46 pm.